



SPORTS ASSET INVESTMENT FUND

March 2019

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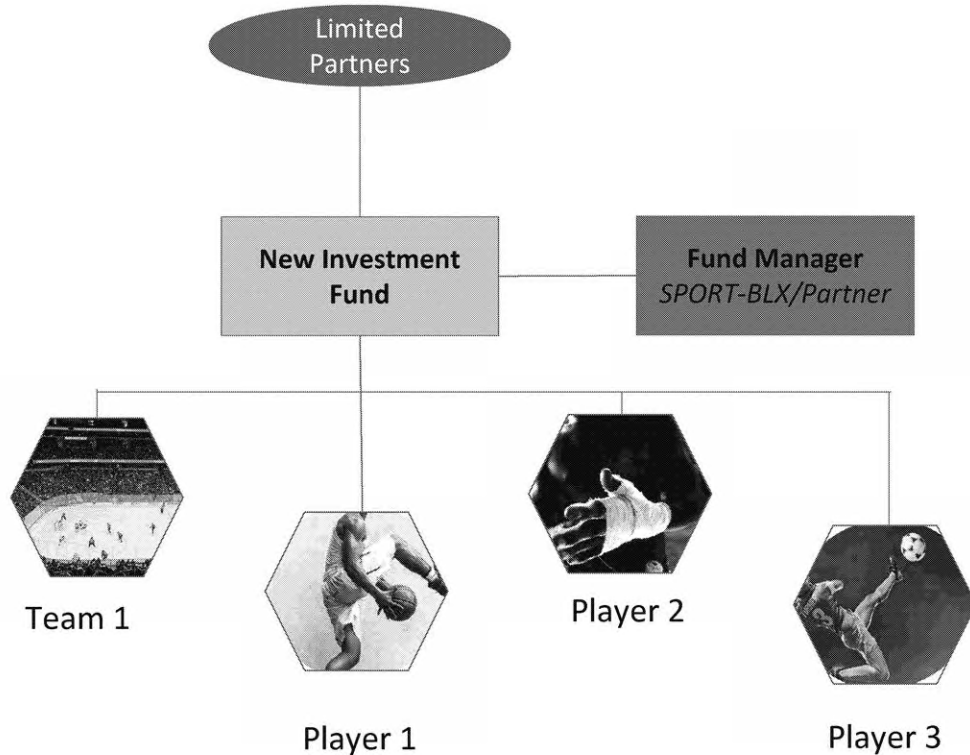
SPORTS ASSET INVESTMENT FUND



A fund created to seek short-term gains, recurring income and long-term capital appreciation from investing in unique sports assets. **Unique sports assets can be an equity interest in a professional sports team or a revenue share interest in an individual's earnings.**

The Fund has an advantageous affiliation with SPORTBLX, an exciting, revolutionary financial technology company which has developed a marketplace for fans and investors to buy digital shares of their favorite sports assets. The Fund will benefit from (i) the origination of new assets by SPORTBLX and (ii) the liquidity/exit options of the public marketplace to provide crowdsourced funding at the highest price.





Seeking Uncorrelated Absolute Return from Unique Sports Assets

The sports assets have (i) fixed income characteristics from high credit quality due to limited counterparty risk and the prevalence of guaranteed contracts and (ii) equity characteristics derived from variances in player performance. The Fund will benefit from active management of these securities and the liquidity/exit options from the unique relationship with SPORTBLX.

MARKET OPPORTUNITY

TAM

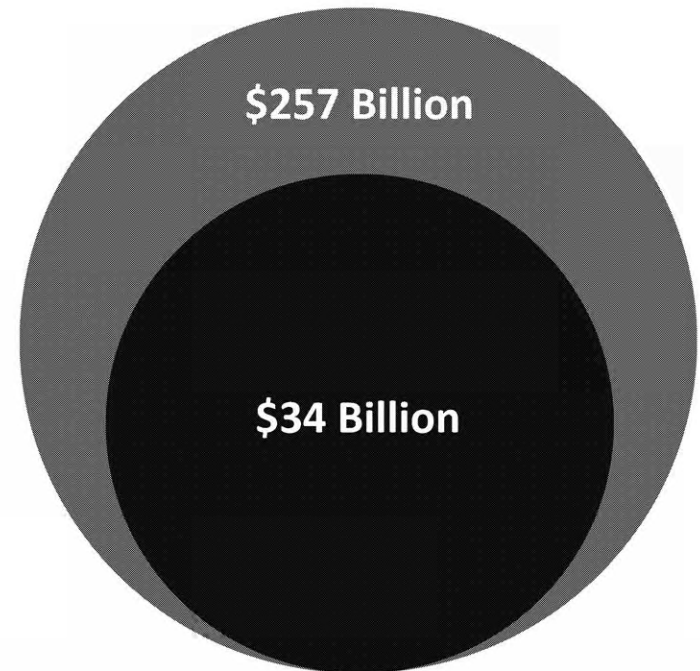
Athletes: All current global athlete lifetime earnings both on and off-field (endorsements are estimated to be 20% of on-field contracts)

Teams: Current valuation of top 100 global sports teams

SAM

Athletes: On-field tokenizable contract earnings of athletes in top tier leagues. Estimates that 15% of on-field earnings are tokenizable

Teams: Estimated that 15% of club ownership is assumed to be tokenizable



Total Addressable Market
("TAM")

Serviceable Addressable
Market ("SAM")

Source: Industry data synthesized by Consensus Solutions.

PLAYER SALARIES CONTINUE TO INCREASE

Athletes have been making more money every year. Players in team sports such as Basketball, Baseball, Football, Hockey, and Soccer make over \$20 billion today compared to \$16 billion five years ago, a compound annual growth rate of 6%.

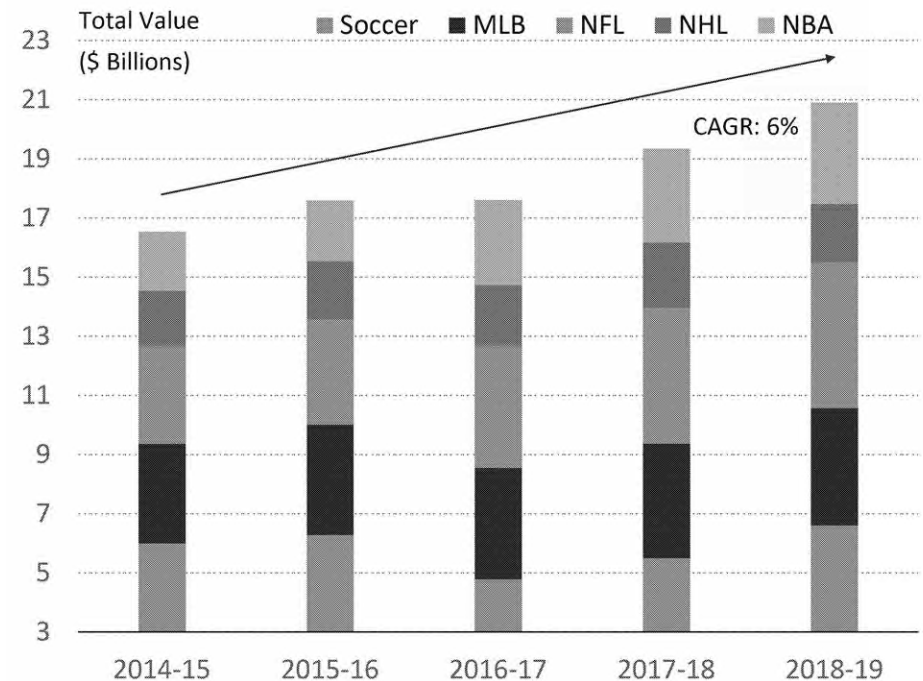
NBA

Salaries in the NBA have increased the most among team sports in the past five years. The total salary for the 2014/15 season was just under \$2 billion, and today, it is over \$3.4 billion, growing at 14% per annum.

NFL

Similarly, salaries in the NFL have grown dramatically totaling \$3.3 billion in 2014/15 increasing to \$4.9 billion in 2018/19, a 10% growth rate per annum.

Individual sports purses and winnings are also increasing. In 2018, Formula 1 paid out \$921 million in total prize money, while the PGA paid over \$370 million.



SPORTS TEAMS CONTINUE TO EXPERIENCE EXTRAORDINARY VALUE CREATION

Since 2000, the value of sports teams has grown rapidly, especially in the “Big Four” sports leagues in the United States. The total valuation of the teams has risen from \$30.6 billion in 2000 to \$199.9 billion in 2018, a compound annual growth rate of 11%.



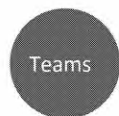
Value creation of teams has a direct positive correlation with athletes' earnings.



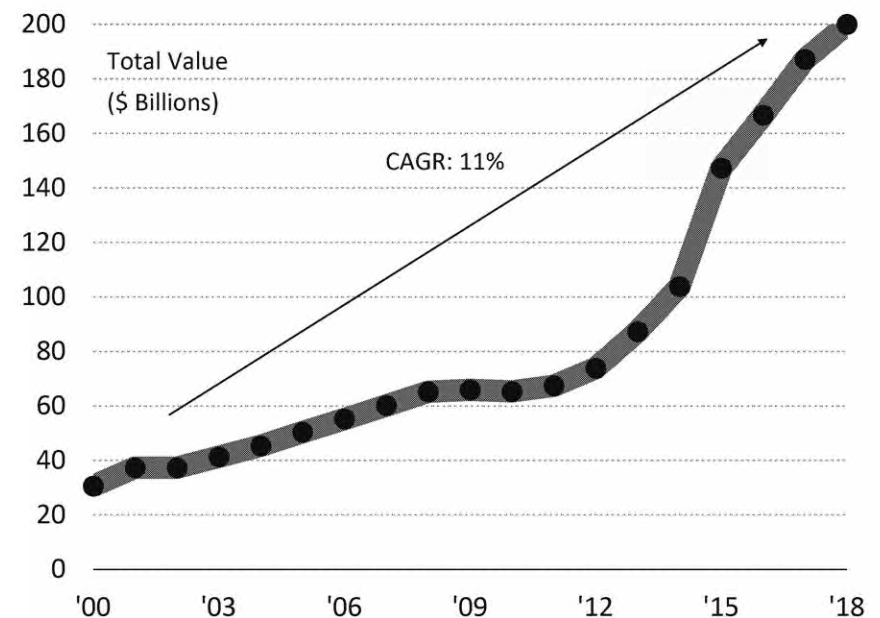
Since 2010, the NBA and NFL total team value has increased 21% and 16% per annum, respectively.



Experts believe that legalization of sports gambling will demonstrably increase franchise value



Global soccer teams and leagues are more progressive on ownership models today. We believe the trend for the “Big Four” to adapt has momentum



Source: Includes NBA, NFL, NHL and MLB. NFL data from Statista. NBA, NHL and MLB data from *Forbes* and Sports Facility Reports.

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WHY WOULD AN ATHLETE DO THIS?

We can design a transaction tailored for the athlete's needs while still delivering value to the our fund investors.



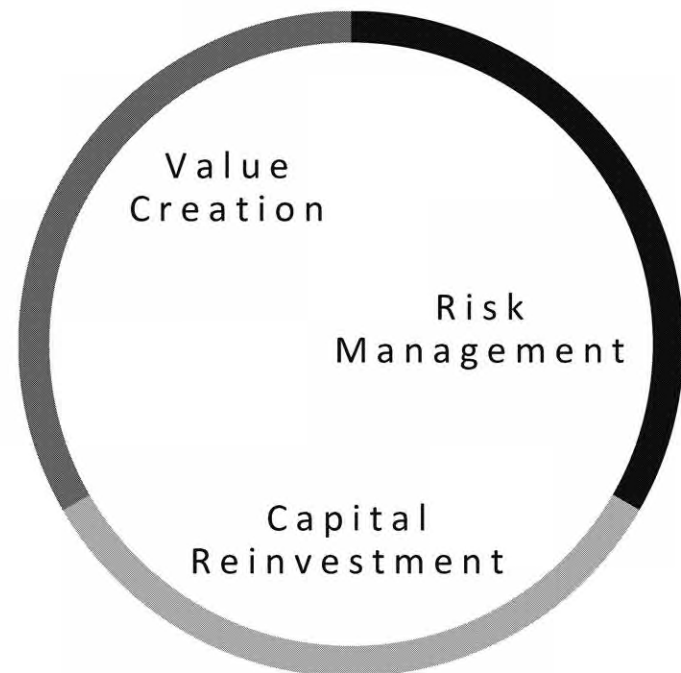
- Enhanced fan engagement
- Globalization of brand
- Opens corporate sponsorship
- Diversifies revenue
- Data harvesting



- De-risking transaction
- Downside protection from poor performance or injury



- A portion or all of the capital received can be re-invested in an advantageous way
- Tax advantages



The Fund will also prioritize the betterment of the athlete's long-term financial position. We will have a number of wealth managers available for the athletes and would endeavor to give back a portion of our fund manger economics for social benefit programs for the athletes.

AN ATHLETE CAN REDEFINE HIS/HER PLACE IN THE MARKET

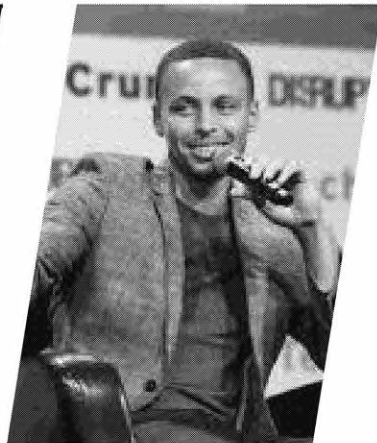
Create a Lifestyle Brand

Michael Jordan
Roger Federer



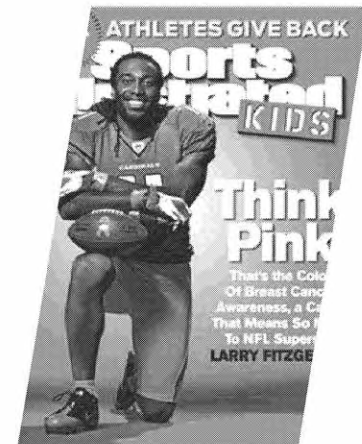
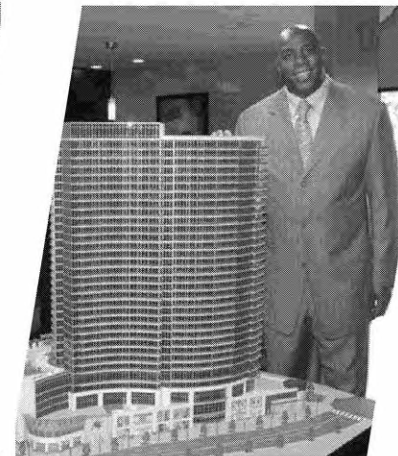
Own a Sports Team

Serena/Venus
Michael Jordan



Give Back

Larry Fitzgerald
Warrick Dunn



Invest in Tech VC

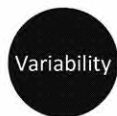
Kobe Bryant
Steph Curry
Derek Jeter

Be a Real Estate Mogul

Magic Johnson
Emmitt Smith

INVESTMENT CASE STUDY: TOP 5 NBA DRAFT PICKS FROM '02-'14

We examined the top 5 picks in each of the NBA drafts from 2002 through 2014. We indexed the players' salaries against the salary cap for each year to normalize for inflation, and then re-calculated the earnings appreciation as if everyone was drafted in year 1.



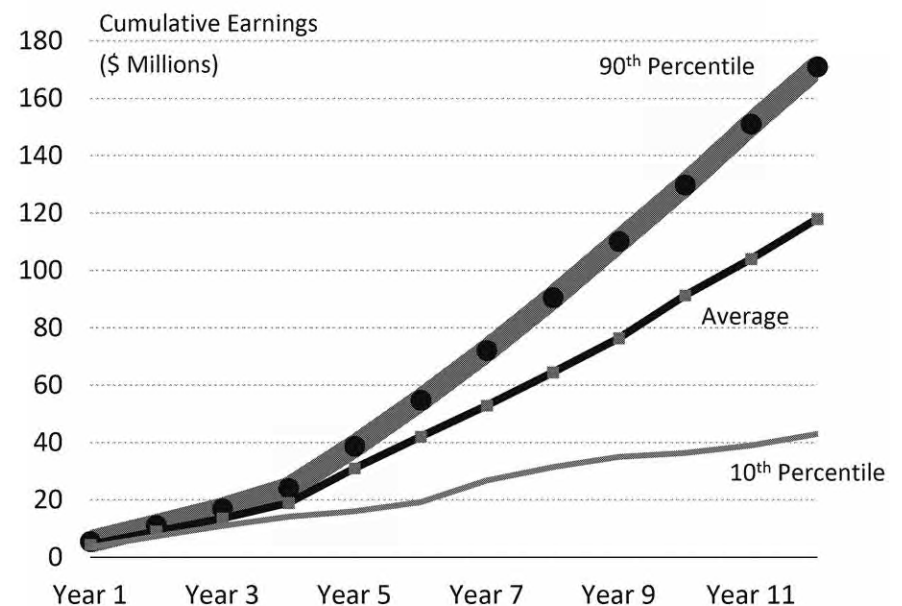
The cumulative earnings for the data set vary from the average of \$118 million to the top decile \$171 million and bottom decile of \$42 million.



Early in the career, a securitization of the earnings stream resembles a bond with a tight range of cash flow outcomes.



Later in the career, after a rookie contract, a securitization of the earnings stream resembles equity with varied outcomes.

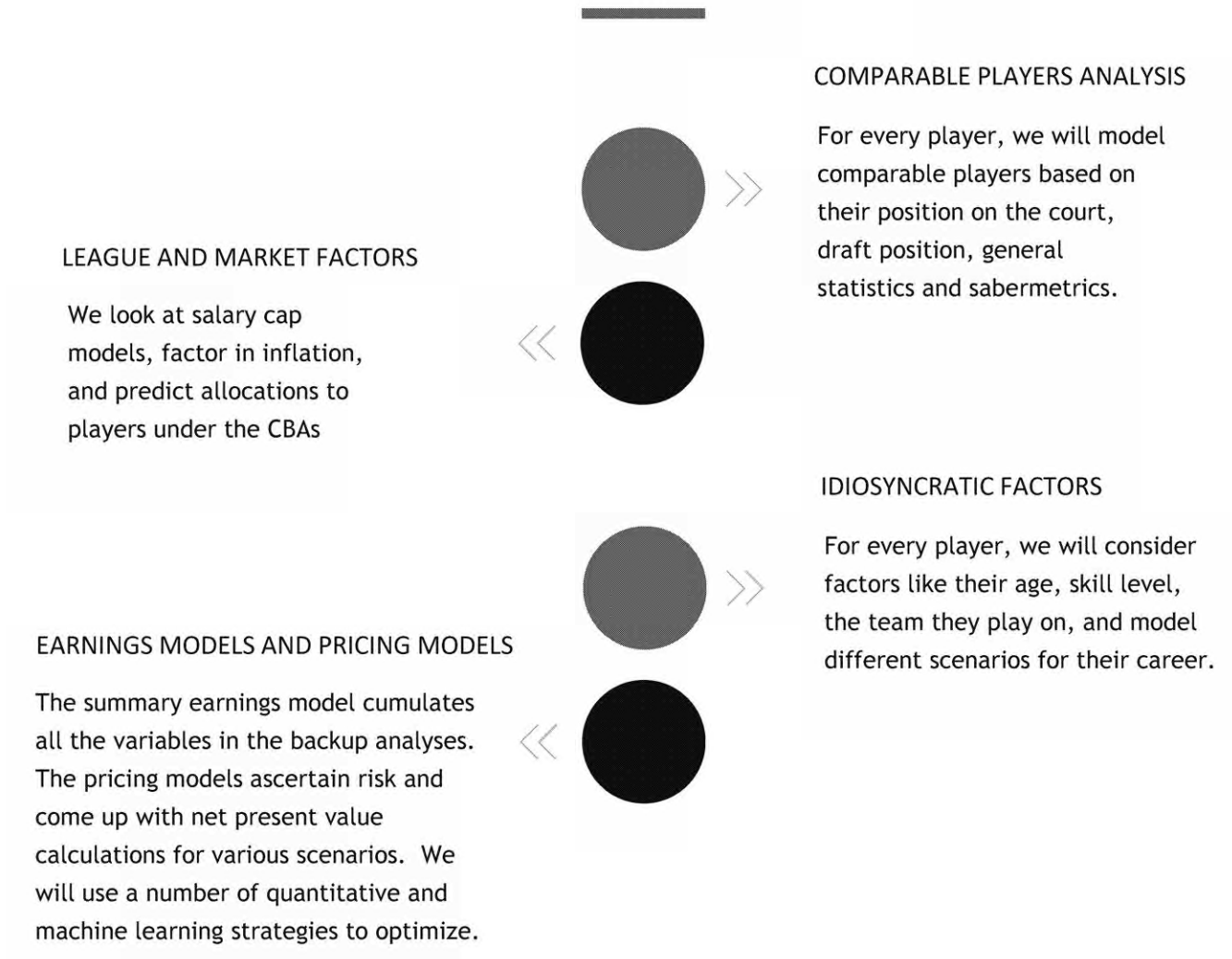


Source: Hoops Hype and Basketball Reference.

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INVESTMENT CASE STUDY: PRICING THE REVENUE SHARE INTEREST

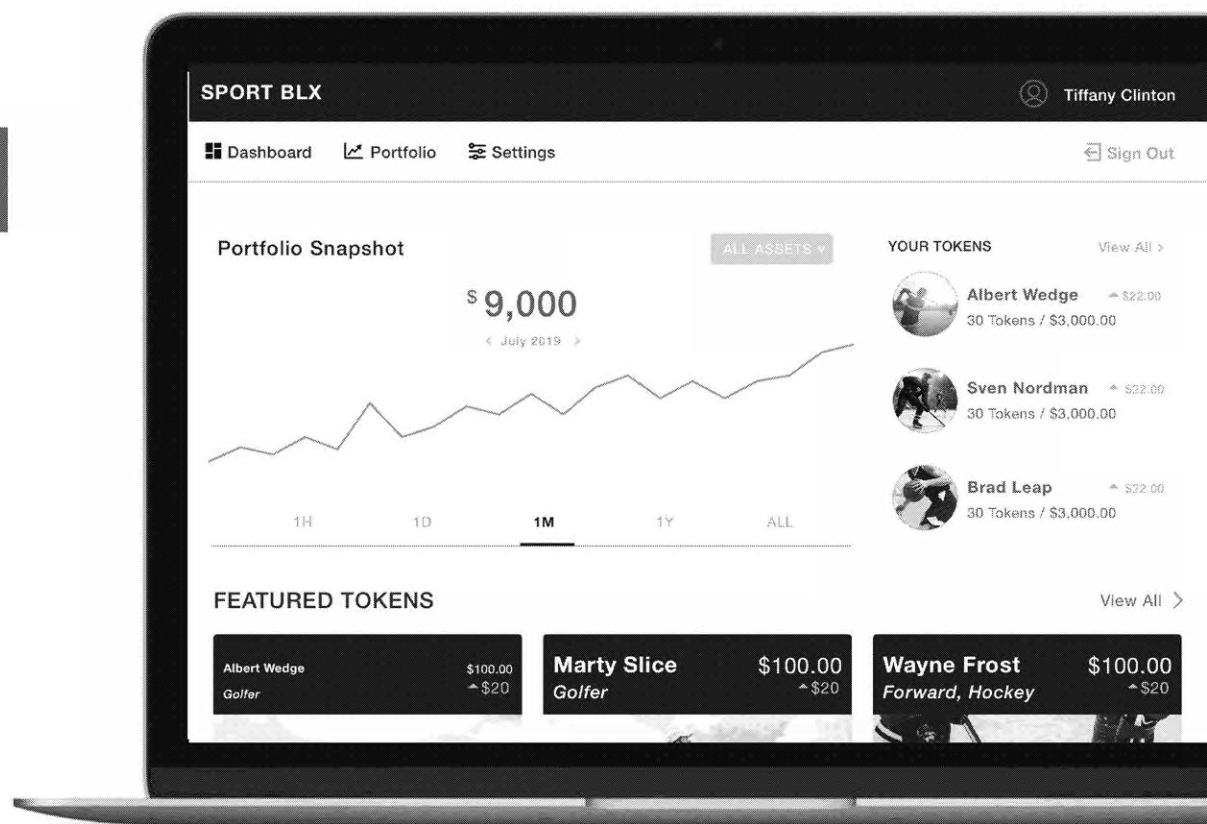


INTRODUCING:

SPORTBLX

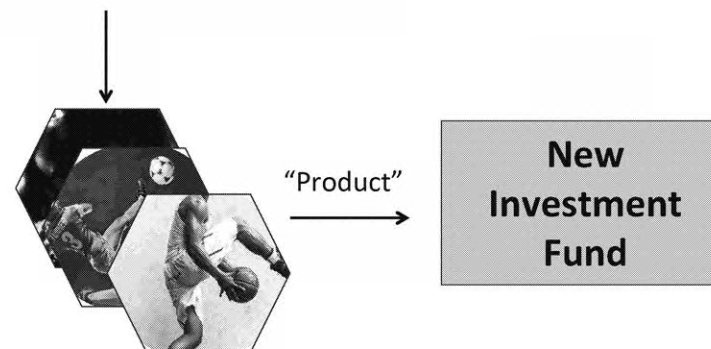
SPORTBLX has designed an ecosystem for structured digital share offerings backed by unique sports assets and a digital marketplace.

Fans and investors can buy and trade a fractional interest (revenue share in the earnings of the professional athletes or equity in a team or asset) in something they love and take part in the value creation that comes with success in sports.



ORIGINATION

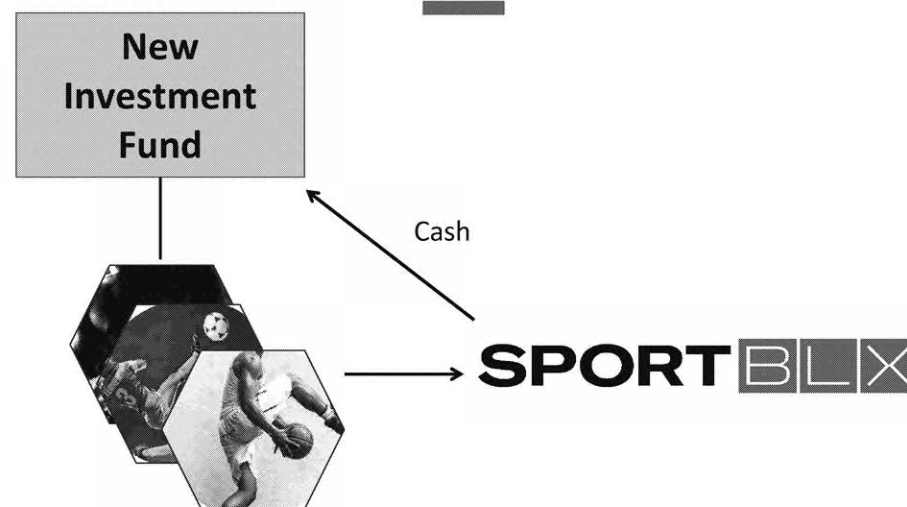
SPORTBLX



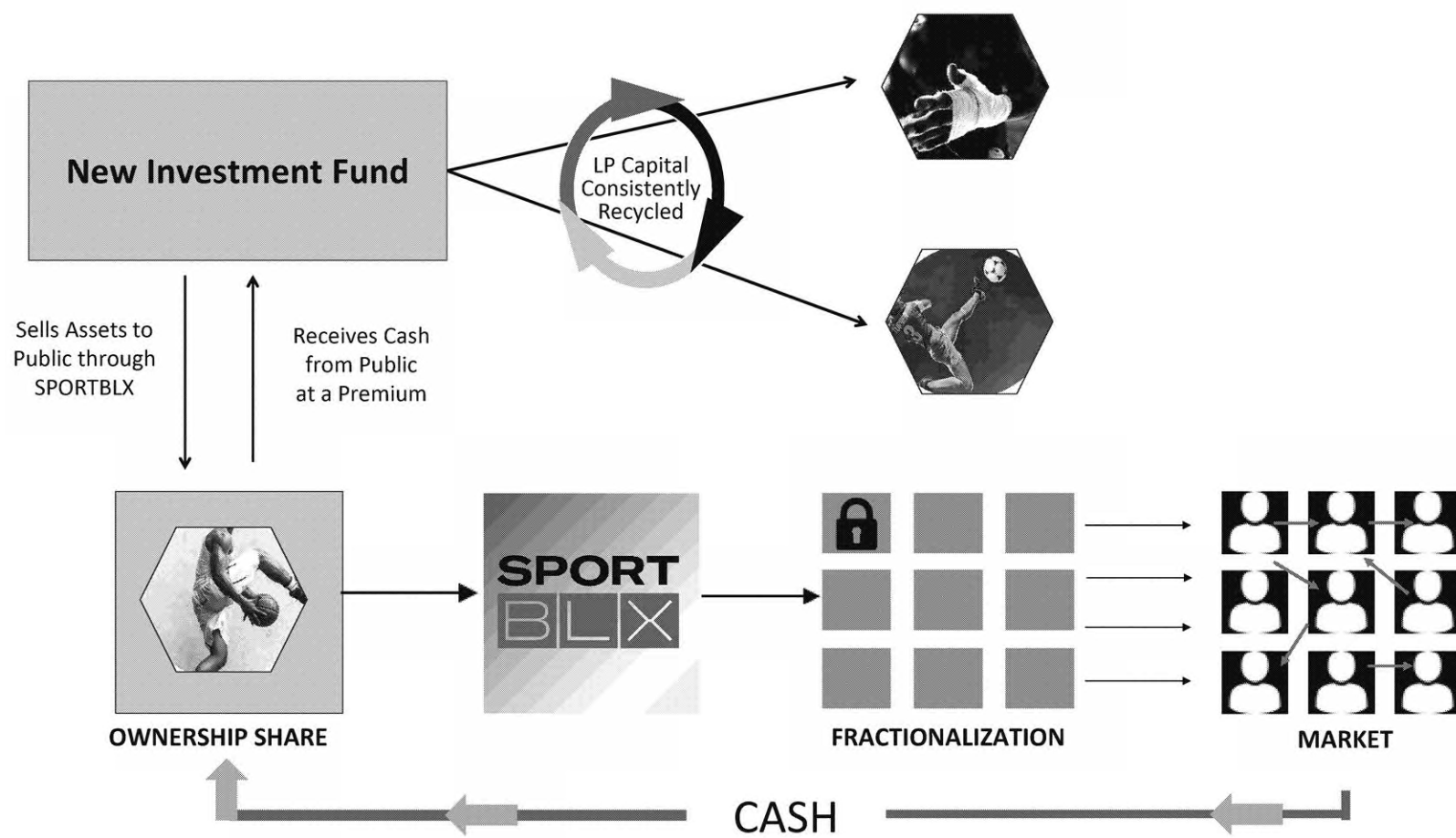
The Fund's relationship with **SPORTBLX** is a gamechanger

Investment Funds' biggest concerns are addressed: (i) origination at a fare price and (ii) exits and monetization at the full price. The relationship should also bend the cost curve on fund manager economics.

EXIT / LIQUIDITY OPTIONS



HOW DOES THE FUND WORK WITH **SPORTBLX**



FUND INVESTMENT OPTIONS

Buy and Sell to Public



The Fund could provide the initial risk capital to close the transaction with the athlete and subsequently sell its interest to retail on the SPORTBLX platform.

The Fund would benefit from “Bridge Economics” or “Bought Deal Economics” to add to its return profile.



Buy and Hold

The Fund could hold income producing assets or those long-term value appreciation prospects.

Buy, Season and Sell



Rather than just buying the position at the onset and selling the position in its entirety, the Fund could opportunistically sell interests in the short-term and medium-term and recycle the capital to the next opportunity.

Increasing the velocity of the money leads to higher overall equity returns.

SYNERGIES



INCREASE EXECUTION POTENTIAL

SPORTBLX, equipped with a well-funded partner can act decisively with players in negotiations and remove the market risk for players.

CROWDSOURCED LIQUIDITY AT THE HIGHEST PRICE

Fans and investors all over the world will ensure the best pricing for unique sports assets on the SPORTBLX platform. Given the scarcity of the assets and the fans' utility of owning something they love (in addition to an expectation of a return, the Fund will have pre-wired liquidity options.

ENHANCED ANALYTICS

Both parties can collaborate and share best practices on modeling, quantitative analysis and application of machine learning technologies.

MARKET MAKING

The Fund can act as a de facto market maker with merchant activities on the SPORTBLX platform. SPORTBLX users benefit from better execution and smoother bid/ask spreads.

JD: to update

About our company

INVESTMENT TEAM

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TARGET SIZE

\$800 million to \$1 billion.

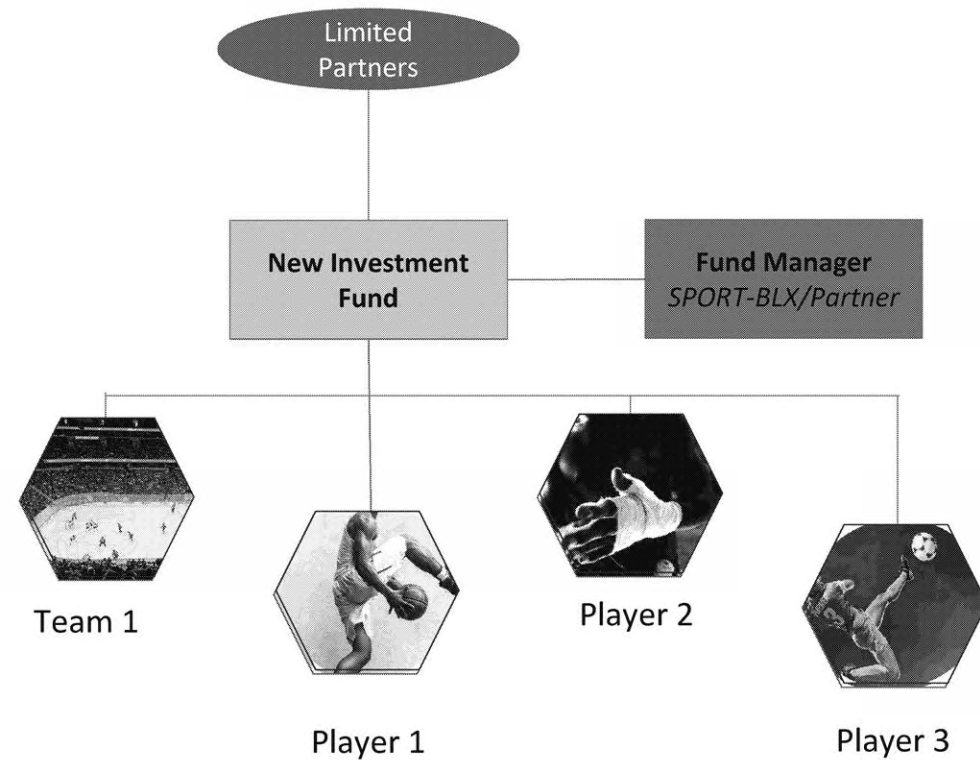
F E E S

Management fee of 2% and Incentive fee of 20%.

T E R M

5 year investment period.

NEXT



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Risk of loss. An investment in the Sport-BLX will be highly speculative, and there can be no assurance that the company’s objectives will be achieved. Investors must be prepared to bear the risk of a total loss of their investment

For more information, contact Joseph A. De Perio at jad@sportblx.com.

APPENDIX – NATURE OF SPORTS CONTRACTS

League	Rookie Contracts	Free Agency	Salary Cap	Contract Guarantees
NFL	<ul style="list-style-type: none"> Rookie contracts are scaled based on draft selection All contracts a 4 years, and first round picks have an option for a 5th year Contract guarantees are scaled based on draft selection 	<ul style="list-style-type: none"> If a player's contract ends after 3 seasons, he become a restricted free agent Players with 4 or more accrued seasons can become unrestricted free agents Unrestricted free agents can be "franchise tagged" 3 times; the franchise tag is a 1 year contract worth the greater of the average salaries of the Top 5 contracts at the player's position or 120% of the player's previous salary 	<ul style="list-style-type: none"> "Hard" salary cap – teams may not exceed the upper limit Teams must also spend more than the lower limit Salary cap is a function of revenue and changes yearly 	<ul style="list-style-type: none"> Guaranteed money is negotiated between the player and the team Guarantees for rookies are slotted by draft pick
NBA	<ul style="list-style-type: none"> Rookie contracts are scaled based on draft selection For 1st-round picks, two years are guaranteed with an additional two team option years (must submit Qualifying Offer in 5th year to retain player's rights) 2nd round contracts are not generally guaranteed 	<ul style="list-style-type: none"> Restricted free agents: 4th-year players who are submitted a qualifying offer, veterans with 3 or fewer years of experience, players coming off two-way contracts All other free agents are unrestricted 	<ul style="list-style-type: none"> "Soft" salary cap – teams can exceed the salary cap in certain circumstances These circumstances include: re-signing current players, mid-level exception free agent, signing rookies, minimum contracts, players with year-long injuries Salary cap is a function of revenue 	<ul style="list-style-type: none"> Veteran contracts are generally fully guaranteed (must specifically negotiate clauses for lack of skill, death, basketball-related injury, mental disability) First-round rookies are guaranteed two years of salary All other rookies do not receive guarantees unless otherwise specified
NHL	<ul style="list-style-type: none"> Rookie contracts are for 3 years with a maximum annual salary of \$925,000 Maximum signing bonus = 10% of salary Maximum performance bonuses = \$2,850,000 	<ul style="list-style-type: none"> A player is unrestricted if they are over age 27 or have played at least 7 seasons (must play at least 10 games for a season to count) All other free agents are restricted 	<ul style="list-style-type: none"> "Hard" salary cap Teams must also spend more than the cap "floor" Salary cap is a function of revenue 	<ul style="list-style-type: none"> One-way contracts (given to established players): the player is paid the same amount in the NHL or the minors Two-way contracts (rookies and borderline players): the player is paid different salaries if they are in NHL or the minors Only salaries can be bought out; ex-bonuses For players bought out under age 26, they are paid 1/3 of salary over 2x the remaining years For players bought out at 26 or older, they are paid 2/3 the remaining salary over twice the remaining years
MLB	<ul style="list-style-type: none"> Players with 0, 1, or 2 years of "service time" (on MLB roster for at least 172 of 187 regular season days) generally make around the league minimum 	<ul style="list-style-type: none"> Players with 3, 4, or 5 years of "service time" are eligible for arbitration; the team retains a player's rights for these years Players with 6 or more years of "service time" are unrestricted 	<ul style="list-style-type: none"> No salary cap or salary floor "Luxury tax" – if a team spends more than a certain threshold, they must pay a penalty Luxury tax penalties: 20% on all overages in year 1, 30% in year 2, and 50% in year 3 or later The luxury tax penalty resets if a team goes below the threshold 	<ul style="list-style-type: none"> Major league contracts are fully guaranteed Players on minor league contracts earn a prorated portion of their major league salary for each day they are on the major league roster